

**SUPERMAX CORPORATION BERHAD [199701004909 (420405-P)]**

(Incorporated in Malaysia)

**TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE**

**1. Composition**

The Nomination and Remuneration Committee (“NRC”) shall be appointed by the Board of Directors (“the Board”) and shall consist of not less than two (2) members, comprising exclusively of Non-Executive Directors and a majority of whom shall be Independent Non-Executive Directors.

In the event of any vacancy in the NRC resulting in the non-compliance of the above, the vacancy shall be filled within three (3) months thereof. Therefore, a member of the NRC who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before the Director leaves.

The Board must review the term of office and performance of the NRC and each of its members annually to determine whether the NRC and its members have carried out their duties in accordance with the Terms of Reference. Additionally, an assessment of the NRC’s performance may be carried out by individual members of the NRC on a peer assessment basis, with the results forwarded to the Board for consideration.

**2. Chairman**

The Chairman of the NRC shall be elected by the Committee from among their members who shall be an Independent Non-Executive Director or the Senior Independent Director. The Chairman shall:

- (a) lead the succession planning and appointment of Directors, and oversees the development of a diverse pipeline for Board and Senior Management succession, including the future Chairman, Executive Director and Chief Executive Officer; and
- (b) lead the annual review of the Board effectiveness, ensuring that the performance of each individual Director and Chairman of the Board are independently assessed.

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The Chairman of the Board shall not be a member of the NRC.

3. **Functions**

The NRC should have a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the NRC is firmly in its hands.

The duties and responsibilities of the NRC with regard to the **nomination related matters** shall include the following:-

- i. To assess and recommend to the Board, the nomination of candidates for appointment of Board members and Senior Management. In making its recommendations, the NRC should take into consideration the following objective criteria and merit with due regard for boardroom diversity including gender, age, cultural background and ethnic diversity:-
  - a. skills, knowledge, expertise, experience, fit and properness;
  - b. professionalism;
  - c. time commitment to effectively discharge his/her role as a director;
  - d. existing board positions held, including on board of non-listed companies;
  - e. character, competence, integrity, reputation and track record;
  - f. ability to understand financial statements and form a view on the information presented;
  - g. any existing or potential conflict of interest including whether they have a business, family or other special relationship within or outside of the Group that could affect the execution of his/her role as director;
  - h. in the case of candidates for the position of Independent Non-Executive Directors, the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors and the fulfilment of the independence criteria;
  - i. in the case of candidates filing seats in respect of the Audit Committee, whether the candidate is financially literate and possesses a wide range of necessary skills to discharge his/her duties; and
  - j. such other criteria and attributes that may be deemed appropriate or relevant.

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- ii. To consider, in making its recommendations, candidates for directorships proposed by the existing Board members, management, major shareholders and other sources. If the selection is based on recommendations by the existing Board members, management or major shareholders, the NRC shall explain why other sources were not used. NRC may also identify suitable candidates for Board position from independent sources and variety of approaches such as sourcing through directors' registry, advertisements or engaging professional recruitment firm/agency;
- iii. To recommend to the Board, Directors to fill the seats on Board Committees, in consultation with the chairman of those committees;
- iv. To establish and implement processes for carrying out annual assessment on the effectiveness and performance of the Board as a whole, Board Committees and contribution/performance of each individual Director including Executive Director and Chief Executive Officer; and to review and recommend the outcome of the annual assessment to the Board concerning the areas for continuous improvement. All assessments carried out by the NRC in the discharge of its functions shall be properly documented;
- v. To review annually, the term of office and performance of the Board Committees and each of their members to determine whether the Board Committees and members have carried out their duties in accordance with their respective Terms of Reference;
- vi. To review annually, the required mix of skills, experience, diversity and other qualities, including core competencies which Non-Executive Directors should bring to the Board;
- vii. To review annually, the performance of the Board and Senior Management in addressing the Group's material sustainability risks and opportunities;
- viii. To assess the desirable balance in Board membership by reviewing the size, structure and composition of the Board, taking into consideration the number of directorships;
- ix. To develop and review criteria for the annual assessment of the Board, Board Committees and individual Directors;

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- x. To develop the criteria to assess independence and to assess annually, the independence of the Independent Non-Executive Directors and recommend the same to the Board. The assessment should take into consideration the criteria laid out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and such other factors as the NRC determines appropriate to take into account in determining whether the Independent Non-Executive Director is independent of management; and free of any business or other relationship that could materially interfere with, or could be perceived to materially interfere with, the exercise of their unfettered and independent judgement;
- xi. To review and recommend to the Board, the retention of Independent Non-Executive Director(s) who has/have served the Board for a cumulative term of more than nine (9) years as an Independent Non-Executive Director for shareholders' approval at the Annual General Meeting through a two-tier voting process and to justify the recommendation in retaining the said Independent Non-Executive Director(s);
- xii. To review and recommend to the Board, the re-election of Directors who retire by rotation and newly appointed Directors who shall hold office only until the next Annual General Meeting following his/her appointment pursuant to the Company's Constitution;
- xiii. To ensure that the composition of the Board is refreshed periodically, so that it is of the appropriate size, and has a balanced composition with a diverse mix of skills, knowledge, qualifications, experience, age, cultural background, and gender diversity (in achieving a composition of at least 30% female Directors) in order to ensure its effectiveness in discharging its duties;
- xiv. The tenure of each Director should be reviewed by the NRC and annual re-election of a Director should be contingent on satisfactory evaluation of the Director's performance and contribution to the board including the assessment of fit and proper;
- xv. To establish and implement processes for the conduct of the fit and proper assessment prior to the nomination of any candidate to be appointed as Director or making recommendation for the re-election of an existing Director at the Annual General Meeting in accordance with the Directors' Fit and Proper Policy;

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- xvi. To review the training needs of the Directors and ensure the training programme attended by the Directors must be one that aids the Directors in the discharge of their duties and ensure they keep abreast with the developments in the industry and regulatory changes, and to facilitate Board induction and training programme;
- xvii. To review the succession plan for Board and Senior Management;
- xviii. To review the attendance of the Directors at Board and/or Board Committee(s) meetings;
- xix. To review and recommend to the Board, the development and implementation of the relevant policies and procedures on nomination related matters concerning the Group; and
- xx. To consider and examine such other matters as the NRC considers appropriate or prescribed by the Board.

The duties and responsibilities of the NRC with regard to the **remuneration related matters** shall include the following:-

- a) To develop and implement a fair and transparent policies and procedures on the remuneration of the Board and Senior Management which takes into account of their roles and responsibilities, the demands, complexity and performance of the Group including managing material sustainability risks and opportunities, as well as the skills and experience required;
- b) To review and recommend to the Board, the remuneration packages of Non-Executive Directors for shareholders' approval at the Annual General Meeting ("AGM") taking into consideration any additional responsibilities undertaken such as a Director acting as Board chairman, chairman of a Board Committee or as the Senior Independent Director and the Company's performance in managing material sustainability risks and opportunities;
- c) To review and recommend to the Board, the individual remuneration package for the Executive Chairman, Executive Director and Senior Management based on individual performance and responsibilities and the Company/Group's performance. In determining the remuneration package, the NRC should also consider the competitive nature of the Group's operations, the Group's performance in managing material sustainability risks

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and opportunities, and should recognise the need to attract, motivate and retain high quality and caliber personnel;

- d) To ensure that the remuneration and incentives for Independent Non-Executive Directors should not conflict with their obligation in bringing objectivity and independent judgment on matters discussed;
- e) To review the compensation payable to Executive Director and Senior Management in the event of termination of their service contracts by the Company/Group; and
- f) To examine such other matters as the NRC considers appropriate or prescribed by the Board.

The determination of remuneration packages of the Executive Director, Non-Executive Directors and Senior Management shall be a matter for the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his/her individual remuneration.

The fees and benefits of Directors are subject to shareholders' approval at the AGM. The total amount of Directors' fees and benefits paid must not exceed the maximum amount approved by the shareholders at the AGM. In the event the amount of Directors' fees and benefits exceed the amount approved by the shareholders, approval shall be sought at the next AGM for the shortfall prior to making payments to the Directors.

Directors who are shareholders and controlling shareholders with a nominee or connected director on the Board should also abstain from voting on the resolution to approve Directors' fees at the AGM.

#### **4. Structures and Procedures**

##### **4.1 Meetings**

The NRC should meet at least once a year and may hold additional meetings as and when necessary. The quorum shall be two (2) members, one (1) of whom shall be an Independent Non-Executive Director.

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The notice of NRC meeting and meeting materials should be circulated to the NRC members and other relevant parties at least five (5) business days, or a shorter period where unavoidable, prior to the meeting. Other Board members, management and/or employees may attend the NRC meeting upon invitation of the NRC.

In the absence of the Chairman or if he is not present at any NRC meeting within fifteen (15) minutes of the time appointed for holding the same, the NRC members present shall elect one (1) of their numbers to preside as chairman of the meeting.

Questions arising at any meeting of the NRC must be determined by a majority of votes of the members present, and in the case of an equality of votes, the Chairman has a second or casting vote. The Chairman shall not have a second or casting vote when only two (2) members (one of whom is the Chairman) form a quorum or when only two (2) members are competent to vote on the question at issue.

A NRC meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enable the NRC members as whole to participate for the entire duration of the meeting. The technology used for the purpose of this paragraph must be such that each NRC member taking part in the meeting must be able to communicate simultaneously with each of the other NRC members taking part in the meeting and may include telephone, television, video conferencing or any other audio and/or visual device which permits instantenous communication.

A virtual meeting shall be deemed to constitute a NRC meeting provided that the following are met:-

- (i) all the NRC members for the time being entitled to receive notice of the NRC meeting shall be entitled to receive notice of a virtual meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as may be permitted under the Constitution of the Company; and
- (ii) a NRC member shall not leave the meeting by disconnecting from the technology used unless he/she has notified the Chairman of the meeting of his/her intention to leave the meeting and a NRC member shall be presumed to have been present and to have formed part of the quorum at all times during such a meeting until such notified time of his/her leaving the meeting.

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The Chairman of the meeting shall report to the Board on its proceedings after each NRC meeting on all matters within the NRC's duties and responsibilities.

**4.2 Minutes of Meeting**

Minutes of meeting shall be distributed to each member of the NRC and signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

**4.3 Written Resolution**

A resolution in writing signed by a majority of the NRC members for the time being shall be as valid and effectual as if it had been passed at a meeting of the NRC duly called and constituted. The execution and transmission of the written resolution by electronic means allowed under the Constitution of the Company shall apply to the written resolution of the NRC.

**5. Authority and Power of the NRC**

In carrying out its duties, the NRC shall have the following power and authority, in accordance with a procedure or process to be determined by the Board and at the cost of the Company:

- (a) have explicit authority to investigate any matter within its Terms of Reference, the resources together with full and unrestricted access to all information and documents within the Group to perform its duties. All employees shall be directed to co-operate as requested by members of the NRC; and
- (b) shall be entitled to seek external professional advice and services if the NRC considers it to be necessary in the discharge of its responsibilities and invite persons with relevant expertise and knowledge to attend its meetings and to brief the NRC where it deemed necessary.



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6. **Review of the Written Terms of Reference**

Any amendment to these Terms of Reference can only be approved by the Board. These Terms of References will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the NRC's responsibilities.

The written Terms of References should be made public in the Company's website.

*Last reviewed on 21 October 2022.*